

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AF-10 EA-11 EUR-25 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-03 H-03 INR-11 INT-08

L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-03 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 OMB-01 SWF-02 DRC-01 IO-14 /232 W

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R 062325Z SEP 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 8029

LIMITED OFFICIAL USE SAN JOSE 3448

E.O. 11652: N/A

TAGS: ETRD EAGR CS

SUBJECT: SUGAR

REF: STATE 191577

1. IN RECENT DISCUSSIONS BETWEEN AGATT AND EXECUTIVE SECRETARY LIGA AGRICOLA INDUSTRIAL DE LA CANA DE AZUCAR, SECRETARY STRESSED THAT COSTA RICA IS CONTINUING TO SEND ALL OF ITS SUGAR TO U.S. MARKET AND HAS ALREADY MADE SOME FUTURE COMMITMENTS FOR EARLY 1975 DELIVERY. HE STRESSED THAT THEY WERE DOING THIS AT A TIME WHEN HIGHER RETURNS COULD BE OBTAINED IN WORLD MARKET AND WHEN SEVERAL NEARBY COUNTRIES, WHICH HAD RECEIVED MORE FAVORABLE TREATMENT UNDER PAST QUOTA LEGISLATION, ARE DIVERTING SALES TO WORLD MARKET. WITHOUT ANY ENCOURAGEMENT, HE SAID THAT COSTA RICA IS WELL AWARE THAT CURRENT PERFORMANCE COULD AFFECT ANY POSSIBLE FUTURE QUOTA CONSIDERATIONS. IN HIS PERSONAL OPINION, LACK OF QUOTAS IS DETRIMENTAL TO COSTA RICA AND THAT WITHIN 2 OR 3 YEARS U.S. WILL SEE ADVANTAGES OF REINSTATING QUOTAS. SECRETARY EXPRESSED STRONG HOPE THAT

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U.S. GOVERNMENT WAS NOTING COSTA RICA'S CURRENT PER

FORMANCE IN DIRECTING ALL EXPORTS TO U.S. AND COSTA RICA'S
PAST RECORD OF FULL COMPLIANCE WITH U.S. QUOTAS AND OFFERS
AT "FIRST-COME FIRST-SERVED" ANNOUNCEMENTS.

2. SECRETARY ESTIMATED 1974 SHIPMENTS AT 75,000 TO 80,000
TONS AND SAID THAT CROP TURNED OUT TO BE BELOW EXPECTATIONS
AND LOCAL CONSUMPTION IS INCREASING. ALL OF THIS SUGAR IS
ALREADY CONTRACTED. HE CITED LABOR SHORTAGES, PARTS AND
MACHINERY SHORTAGES, AND AN EARLY RAINY SEASON FOR POOR
HARVEST. ONLY A SMALL AMOUNT OF MILLING STILL GOING ON
AND LIGA STATISTICS SHOW 13,230 TON DROP IN PRODUCTION VIS-
A-VIS YEAR AGO AS OF JULY 31, AND 13,140 TON INCREASE IN
DOMESTIC DISAPPEARANCE. STOCKS AS OF JULY 31 WERE 48,000
TONS AS AGAINST 87,815 TONS ON SAME DATE A YEAR AGO.

3. LOCAL PRESS HAS NOTED SECRETARY BUTZ STATEMENT, BUT THERE
HAS BEEN NO OTHER REACTION. ONE REASON, IS THAT THERE IS NO
SUGAR LEFT IN COSTA RICA TO SELL. PUBLIC OR PRESS COMMENTS
ABOUT LACK OF QUOTAS FOR 1975 HAVE BEEN VIRTUALLY NON-
EXISTENT. HOWEVER, PRIVATELY, EXTREME CONCERNS HAVE BEEN
EXPRESSED BY SUGAR INTERESTS. AMONG SUGAR INTERESTS, THERE
IS STRONG SUPPORT FOR MAINTAINING U.S. QUOTAS, AND U.S.
DOMESTIC SUGAR PROGRAM. ARGUMENTS CENTER ON TWO POINTS:
QUOTA LEAD TO ORDERLY MARKETING, AND SYSTEM GUARANTIES
EXPORT PRICE NO LOWER THAN COST OF PRODUCTION IN U.S.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, SUGAR, FOREIGN MARKETS, PERSONAL OPINION, PRESS COMMENTS, IMPORT QUOTAS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANJO03448
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740248-0982
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740968/aaaacfu.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 191577
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2002 by boyleja>; APPROVED <26 FEB 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUGAR
TAGS: ETRD, EAGR, CS, US, (BUTZ), (LIGA ARGICOLA)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005